FISCAL MEMORANDUM
SB 2799 – HB 2859

April 21, 2008

SUMMARY OF AMENDMENT (016657): Effective in fiscal year 2008-2009, prohibits local governments from using state BEP funds to reduce local taxes or local operating funds that would otherwise go to the education. Current law prevents local education agencies (LEAs) from using state funds to supplant local operating funds (excluding capital outlay and debt service).

FISCAL IMPACT OF ORIGINAL BILL:

　　Increase Local Revenue – Exceeds $1,000,000 FY07-08 / One-Time
　　Increase Local Expenditures* – Exceeds $1,000,000 FY07-08 / One-Time

Other Fiscal Impact - Prevents current fiscal year supplanting of local government expenditures for education programs with additional state BEP funds allocated to LEAs. Supplanting of these funds by some local governments in FY07-08 has resulted in those local governments reducing appropriations that had been made to LEAs in excess of the minimum required by the BEP and reducing their property taxes by a corresponding amount. Other local governments have shifted to non-education purposes funds previously appropriated to LEAs for education expenditures. Yet other local governments have combined tax reductions and expenditure shifts. These reductions and shifts have resulted in additional state BEP funds effectively replacing funds previously appropriated by local governments to LEAs in FY07-08 in excess of amounts required by the BEP. Local governments will not be able to use state BEP funds to supplant current-year funding, including FY07-08 that would otherwise be provided to LEAs. To comply with this anti-supplanting requirement, local governments will be required to increase revenue and expenditures in FY07-08 to re-allocate local education operating funds to the LEAs that had previously had their local funding reduced.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:
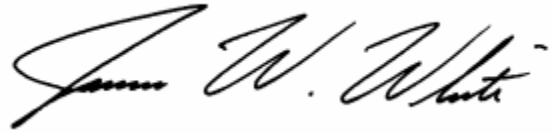
MINIMAL

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Assumptions applied to amendment:

- Amendment will prevent future fiscal year supplanting of local funds. No impact on state or local government.
- No change in BEP funding formula.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director

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